

Message Text

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FM AMCONSUL FRANKFURT

TO AMEMBASSY OSLO

INFO SECSTATE WASHDC 3175

UNCLAS FRANKFURT 7065

FROM JOSEPH EDER, DIRECTOR, EUROPEAN BRANCH, USGAO

E.O. 11652: N/A

TAGS: AGAO, EMIN

SUBJ: GAO REVIEW: "ASSESSMENT OF THE INCREASING RELIANCE
OF U.S. MANUFACTURERS ON FOREIGN PROCESSED MATERIALS

REF: (A) STATE 190945, (B) STATE 215121

1. AS DISCUSSED IN THE TELEPHONE CONVERSATION BETWEEN
MR. BENEDICT OF GAO AND MR. KOLB OF THE EMBASSY OSLO, THE
FOLLOWING QUESTIONS ARE HEREBY TRANSMITTED. THE QUESTIONS
FOR HOST GOVERNMENT AND AMEMB REPRESENTATIVES ARE SUPPLEMENTAL
TO THOSE TRANSMITTED IN REF (B). GAO WOULD APPRECIATE
ANY ADVICE YOU CAN GIVE CONCERNING SENSITIVE ISSUES WHICH
MAY BE RAISED BY ANY OF THE GAO QUESTIONS TRANSMITTED THUS FAR.

2. ADDITIONAL QUESTIONS FOR DISCUSSION WITH HOST GOVERNMENT
REPRESENTATIVES:

(A) THE CENTRAL PRICE BOARD MONITORS AND CONTROLS
RESTRICTIVE BUSINESS PRACTICES. HAVE THEY
TAKEN ACTIONS AGAINST MINING AND/OR PROCESSING
COMPANIES SINCE 1970? IF SO, DESCRIBE THE ACTIONS
TAKEN.

(B) A LAW WAS PASSED IN FEB 1976 WHICH TENDS TO
DISPERSE BUSINESSES FROM URBAN TO LESS POPULATED
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AREAS. HOW HAS THE LAW AFFECTED THE MINING AND
PROCESSING INDUSTRIES?

(C) A REGIONAL DEVELOPMENT FUND WAS ESTABLISHED IN 1960
TO BENEFIT AREAS WITH EMPLOYMENT PROBLEMS. IS THE
FUND INVOLVED IN FINANCING OR GRANTS TO ANY MINING
OR PROCESSING VENTURES?

(D) SOME AREAS OF NORWAY ARE RELATIVELY REMOTE AND INACCESS-

IBLE AND MAY PRESENT SPECIAL PROBLEMS WITH REGARD TO
ATTRACTING NEW BUSINESS.

1. HOW IS AN ADEQUATE LABOR FORCE ENSURED?
2. HOW ARE BASIC SERVICES PROVIDED SUCH AS
HOUSING, TRANSPORTATION, SO FORTH?
3. HOW IS PRODUCT TRANSPORTATION ASSURED IN
INACCESSIBLE AREAS?
4. WHAT OTHER KINDS OF PROBLEMS ARE EXPERIENCED?
- (E) ARE NORWAY'S ENVIRONMENTAL STANDARDS SUBJECT TO CHANGE?
THAT IS, ARE HIGHER STANDARDS IMPOSED AFTER A CERTAIN
LEVEL OF COMPLIANCE IS REACHED?
- (F) WHAT GOVERNMENTAL ORGANIZATION MONITORS
AND ENFORCE ENVIRONMENTAL REGULATIONS?
3. QUESTIONS FOR DISCUSSION WITH INDUSTRY REPRESENTATIVES:
 - (A) WHAT DOES MANAGEMENT FORESEE AS THE FUTURE
FOR THEIR METALS ON THE WORLD MARKET?
 - (B) WHAT PLANS HAS THE COMPANY MADE FOR EXPANSION,
PRODUCTION CUTBACKS, SO FORTH?
 - (C) IF THE COMPANY PLANS TO EXPAND, IN WHAT COUNTRY
WILL THE EXPANSION TAKE PLACE? WHAT FACTORS
SHOULD BE CONSIDERED IN CHOOSING AN ORE PRO-
CESSING SITE?
 - (D) DOES THE COMPANY HAVE OPERATIONS IN DEVELOPING
COUNTRIES? IF SO:
 1. WHAT TYPE OPERATIONS ARE THEY?
 2. WHAT FACTORS MAKE THE DEVELOPING COUNTRY

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- ATTRACTIVE AS A BUSINESS LOCATION?
- (E) WHAT IS THE CLIMATE FOR INVESTMENT IN THE U.S.?
HAVE THEY INVESTED IN THE U.S. IN THE PAST
AND DO THEY HAVE PLANS TO DO SO IN THE FUTURE? WHY
OR WHY NOT?
4. QUESTIONS TO BE DISCUSSED WITH EMBASSY PERSONNEL.
- (A) WHAT RESTRICTIONS DOES NORWAY HAVE ON THE EXPORT
OF ORES, CONCENTRATES, AND METALS TO THE U.S.
EEC COUNTRIES, EFTA COUNTRIES, AND OTHERS?
(SAME QUESTIONS FOR IMPORTS).
- (B) THE NORWEGIAN GOVERNMENT HAS PURCHASED
SUBSTANTIAL INTEREST IN SOME MINING AND
PROCESSING FIRMS. FOR EXAMPLE, ARDAL OG
SUNNDAL VERK, DNN ALUMINUM, AND NORSK HYDRO.
1. WHAT ADVANTAGES TO THESE COUNTRIES
ENJOY OVER COMPETITORS?
 2. DO THE GOVERNMENT OWNED OR CONTROLLED
FIRMS HAVE EASIER ACCESS TO CAPITAL?
 3. CAN WHOLLY GOVERNMENT OWNED COMPANIES OPERATE
AT A LOSS FOR INDEFINITE PERIODS?
- (C) HOW EFFECTIVELY ARE NORWAY'S ENVIRONMENTAL STANDARDS
ENFORCED? ARE EMBASSY PERSONNEL AWARE OF ANY RELAXATION

OF STANDARDS FOR MINING AND ORE PROCESSING COMPANIES?

(D) ARE THERE ANY SPECIAL ARRANGEMENTS AVAILABLE FOR COMPANIES PURCHASING ENVIRONMENTAL PROTECTION EQUIPMENT? FOR EXAMPLE, LOW INTEREST LOANS, SPECIAL TAX WRITE-OFFS, GRANTS, AND SO FORTH.

(E) NORWAY USES PRIMARILY HYDROELECTRIC POWER. WE WOULD LIKE TO GET A COMPLETE RUNDOWN ON THE COSTS PER KILOWATT HOUR, QUANTITY PRICE VARIANCES, SO FORTH, IN ORDER TO COMPARE WITH OTHER TYPES OF ENERGY.

(F) DO ORE PROCESSING COMPANIES RECEIVE ANY SPECIAL CONSIDERATIONS IN ENERGY PRICES OR SUPPLY?

(G) IN 1976 THE EMBASSY REPORTED THAT ARDAL OG SUNNDAL VERK WAS CONSIDERING A PARTNERSHIP PROJECT IN WEST GERMANY. THE PROJECT INVOLVED EXTENDING
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A PLANT JOINTLY OWNED BY REYNOLDS METALS AND VEREINIGTE ALUMINUMWERKE. WE WOULD LIKE TO FIND OUT IF THE NORWEGIAN COMPANY ENTERED INTO THE PARTNERSHIP AND IF SO, FOR WHAT REASONS. ERICKSON

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